House File 636 - Introduced

HOUSE FILE 636 BY JACOBY

A BILL FOR

- 1 An Act providing for a tax credit against the individual
- 2 and corporate income taxes, the franchise tax, insurance
- 3 premiums tax, and the moneys and credits tax for a
- 4 charitable contribution to certain institutions engaged in
- 5 regenerative medicine research and including retroactive
- 6 applicability provisions.
- 7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 1 Section 1. <u>NEW SECTION</u>. **422.11E** Regenerative medicine 2 research tax credit.
- 1. a. The taxes imposed under this division, less the
- 4 credits allowed under section 422.12, shall be reduced by a
- 5 regenerative medicine research tax credit.
- 6 b. The credit shall be in an amount equal to twenty percent
- 7 of a taxpayer's charitable contribution to an eligible research
- 8 institution located in the state. For purposes of this
- 9 section, "eligible research institution" means an organization
- 10 qualifying under section 501(c)(3) of the Internal Revenue Code
- 11 as an organization exempt from federal income tax under section
- 12 501(a) of the Internal Revenue Code that is engaged in research
- 13 designed to improve patient care through the development and
- 14 dissemination of novel clinical therapies for the functional
- 15 repair and replacement of diseased tissues and organs.
- 16 c. An individual may claim a tax credit under this
- 17 subsection of a partnership, limited liability company,
- 18 S corporation, estate, or trust electing to have income
- 19 taxed directly to the individual. The amount claimed by the
- 20 individual shall be based upon the pro rata share of the
- 21 individual's earnings from the partnership, limited liability
- 22 company, S corporation, estate, or trust.
- 23 d. Any tax credit in excess of the taxpayer's tax liability
- 24 for the tax year is not refundable, but the taxpayer may
- 25 elect to have the excess credited to the tax liability for
- 26 the following four tax years or until depleted, whichever is
- 27 earlier.
- 28 2. a. To claim a tax credit under this section, the
- 29 taxpayer shall apply to the department for a tax credit
- 30 certificate. After verifying the eligibility of a taxpayer for
- 31 a tax credit pursuant to this section, the department shall
- 32 issue a tax credit certificate to be attached to the taxpayer's
- 33 tax return. The tax credit certificate shall be issued on
- 34 a first-come, first-served basis based upon the date of the
- 35 application and shall contain the taxpayer's name, address,

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- 1 tax identification number, the amount of the credit, the
- 2 certificate expiration date, and any other information required
- 3 by the department.
- 4 b. To claim a tax credit under this section, a taxpayer must
- 5 attach one or more tax credit certificates to the taxpayer's
- 6 tax return. The tax credit certificate or certificates
- 7 attached to the taxpayer's tax return shall be issued in the
- 8 taxpayer's name, and the expiration date on the certificate
- 9 shall be a date that falls on or after the last day of the
- 10 taxable year for which the taxpayer is claiming the tax credit.
- c. The tax credit certificate, unless otherwise void,
- 12 shall be accepted by the department as payment toward the
- 13 tax liability of the taxpayer, subject to any conditions or
- 14 restrictions placed by the department upon the face of the
- 15 tax credit certificate and subject to the limitations of this
- 16 section.
- 17 d. Tax credit certificates issued under this section are not
- 18 transferable to any person or entity.
- 19 3. A deduction pursuant to section 170 of the Internal
- 20 Revenue Code for the amount of the contribution eligible for
- 21 the tax credit is not allowed for state tax purposes.
- 22 4. The maximum amount of tax credits issued in a fiscal
- 23 year pursuant to this section, section 422.33, subsection 30,
- 24 section 422.60, subsection 12, section 432.12N, and section
- 25 533.329, subsection 2, paragraph "k", shall not exceed ten
- 26 million dollars.
- 27 Sec. 2. Section 422.33, Code 2013, is amended by adding the
- 28 following new subsection:
- 29 NEW SUBSECTION. 30. The taxes imposed under this division
- 30 shall be reduced by a regenerative medicine research tax credit
- 31 in the same manner, for the same amount, and under the same
- 32 conditions as provided in section 422.11E.
- 33 Sec. 3. Section 422.60, Code 2013, is amended by adding the
- 34 following new subsection:
- 35 NEW SUBSECTION. 12. The taxes imposed under this division

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- 1 shall be reduced by a regenerative medicine research tax credit
- 2 in the same manner, for the same amount, and under the same
- 3 conditions as provided in section 422.11E.
- 4 Sec. 4. NEW SECTION. 432.12N Regenerative medicine research
- 5 tax credit.
- 6 The taxes imposed under this chapter shall be reduced by a
- 7 regenerative medicine research tax credit in the same manner,
- 8 for the same amount, and under the same conditions as provided
- 9 in section 422.11E.
- 10 Sec. 5. Section 533.329, subsection 2, Code 2013, is amended
- 11 by adding the following new paragraph:
- 12 NEW PARAGRAPH. k. The moneys and credits tax imposed
- 13 under this section shall be reduced by a regenerative medicine
- 14 research tax credit in the same manner, for the same amount,
- 15 and under the same conditions as provided in section 422.11E.
- 16 Sec. 6. RETROACTIVE APPLICABILITY. This Act applies
- 17 retroactively to January 1, 2013, for tax years beginning on
- 18 or after that date.
- 19 EXPLANATION
- 20 This bill provides a credit against the individual or
- 21 corporate income tax, the franchise tax, the insurance premiums
- 22 tax, and the moneys and credits tax for 20 percent of a
- 23 taxpayer's contribution to a regenerative medicine research
- 24 institution, as defined in the bill, and located in the
- 25 state. Generally, such contributions are tax deductible under
- 26 current federal and state law, and taking a deduction for the
- 27 contribution precludes the taxpayer from claiming the credit.
- 28 The tax credit is not refundable but, at the taxpayer's
- 29 election, may be credited to the taxpayer's tax liability for
- 30 up to four subsequent tax years or until depletion, whichever
- 31 is earlier. The tax credits are not transferable. The tax
- 32 credits are issued on a first-come, first-served basis, and the
- 33 maximum amount of tax credits is limited to \$10 million in any
- 34 one fiscal year. The department of revenue approves the tax
- 35 credits and issues the tax credit certificates to taxpayers.

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1 The bill applies retroactively to January 1, 2013, for tax 2 years beginning on or after that date.